

INTRODUCTION

- [1] This decision addresses an application filed by the Landlords with the Residential Tenancy Office (the "Rental Office") pursuant to the *Residential Tenancy Act*, cap. R-13.11 (the "Act").
- [2] The Landlords seek an order to keep the Tenants' security deposit, including interest and additional compensation exceeding the security deposit amount for two months lost rental income and refilling the oil tank, in the total amount of \$6,098.00.
- [3] The security deposit plus accrued interest totals \$2,852.09.

BACKGROUND

- [4] The Unit is a four-bedroom, two-bathroom single-family dwelling owned by the Landlords.
- [5] On August 20, 2025, the parties entered into a written, one-year fixed-term tenancy agreement, which expires May 31, 2026. Rent in the amount of \$2,800.00 was payable on the first day of the month.
- [6] On August 21, 2025, the Tenants paid the Landlords a \$2,800.00 security deposit.
- [7] On September 1, 2025, the Tenants moved into the Unit.
- [8] On October 20, 2025, the Tenants e-mailed the Landlords to give notice they had purchased a house and would vacate the Unit and end the tenancy on November 30, 2025.
- [9] On November 30, 2025, the Tenants vacated the Unit.
- [10] On December 9, 2025, the Landlords e-mailed the Tenants and the Rental Office a *Form 2(B) Landlord Application to Determine Dispute* seeking an order to keep the Tenants' security deposit, including interest and additional compensation exceeding the security deposit amount.
- [11] On February 12, 2026, the Landlords amended the *Form 2(B) Landlord Application to Determine Dispute* (the "Application"). The Application was e-mailed to the Tenants.
- [12] On February 19, 2026, the Rental Office provided the parties notice of a teleconference hearing scheduled for April 7, 2026. A new hearing date was requested by the Tenants.
- [13] On March 11, 2026, the Rental Office provided the parties an updated notice of teleconference hearing scheduled for April 14, 2026. A new hearing date was requested by the Landlords.
- [14] On March 17, 2026, the Rental Office provided the parties another updated notice of teleconference hearing scheduled for April 28, 2026.
- [15] On March 19, 2026, the Rental Office provided the parties a 102-page PDF evidence package.
- [16] On April 28, 2026, the Landlords e-mailed the Tenants and the Rental Office five additional documents, which were included in the evidentiary record.
- [17] On April 28, 2026, the Landlords and one of the Tenants (the "Tenant"), representing the Tenants, participated in the hearing. The parties confirmed that they received the evidence package and the additional evidence. The parties also confirmed that all evidence submitted to the Rental Office was included.

DISPOSITION

- [18] The Landlords' claims are established in part, in the total amount of \$498.00. The Landlords will keep part of the Tenants' security deposit to setoff their claim.
- [19] The Landlords will return the remaining balance of the security deposit plus accrued interest, in the amount of \$2,354.09, in accordance with the timeline below.

ISSUE

- A. Have the Landlords established, on a balance of probabilities, claims for lost rental income and refilling the oil tank?

ANALYSIS & FINDINGS

- [20] When a party makes an application to the Rental Office, the onus is on that party to support their application with convincing evidence. In this case, the Landlords have the onus to prove each of their claims on the civil standard of a balance of probabilities.
- [21] The Landlords are seeking compensation exceeding the security deposit for lost rental income and refilling the oil tank, in the total amount of \$6,098.00, calculated as follows:

Item	Amount
December 2025 rent	\$2,800.00
January 2026 rent	\$2,800.00
Refill oil tank	\$498.00
Total	\$6,098.00

- [22] Subsection 55(3) of the *Act* provides the Tenants' notice requirements for ending a fixed-term tenancy, stating as follows:

A tenant may end a fixed-term tenancy by giving the landlord notice of a termination effective on a date

- (a) *is not earlier than one month after the date the landlord receives the notice;*
(b) *is not earlier than the date specified in the tenancy agreement as the end of the tenancy; and*
(c) *is the day before the day that rent is payable under the tenancy agreement.*

- [23] Further, under subsection 51(3) of the *Act*, landlords and tenants may make a written agreement to end a tenancy early.

Lost rental income for December 2025 & January 2026

- [24] The Landlords stated that the Tenants agreed to a fixed-term tenancy agreement until May 31, 2026. The Landlords stated that they advertised the Unit shortly after the Tenants gave notice. The Landlords stated that the Unit was advertised for both long-term and short-term rental accommodations. The Landlords stated that the Unit was rented under a short-term (Airbnb) agreement in February 2026.
- [25] The Landlords stated that they took reasonable mitigating efforts to re-rent the Unit. The Landlords stated that they received some inquiries in October 2025 and November 2025, however, did not receive any further response when they forwarded the rental applications to the interested parties.

- [26] The Landlords stated it was not their intention to agree to end the tenancy early. The Landlords stated that the reason why their November 24, 2025 e-mail to the Tenants was not sent earlier was because they wanted to try find new tenants before bringing up future rent obligations.
- [27] The Tenants stated that they believed the Landlords agreed to end the tenancy early, effective November 30, 2025. The Tenants stated that they purchased a house, and immediately informed the Landlords once the closing date was determined.
- [28] The Tenants stated that they were surprised by the Landlords' November 24, 2025 e-mail because the Landlords' e-mail responses in October were congratulatory and accepting the end of the tenancy.
- [29] The Tenants stated that, in the alternative, the Landlords did not take reasonable steps to mitigate their losses, as required under section 46 of the *Act*. The Tenants stated that Landlords knew on October 20, 2025, that the tenancy would end by November 30, 2025; however, the Landlords did not advertise the Unit until November 11, 2025. Further, the Landlords narrowly advertised the Unit for a short-term tenancy, limiting the pool of candidates.
- [30] I have reviewed the parties' submissions and evidence presented.
- [31] In Order LR24-48, the Island Regulatory and Appeals Commission (the "Commission") determined a dispute, which has similar facts to this case, where a tenant provided notice to end a fixed-term early with e-mail correspondence between the parties. The Commission stated in part:

*"The tenancy agreement specified a termination date of April 30, 2024 and ordinarily a tenant would not be entitled to early termination with one month's notice. However, a landlord may grant an early termination."*¹

*"Before determining that the January 3, 2024 email from Ms. Tranthi to the Tenant was in fact an early termination granted by the Landlord, it is helpful to examine the sequence of communication between the parties from December 29, 2023 to January 3, 2024."*²

- [32] Similarly to the Commission's analysis, I will review the parties' e-mail communication between October 20, 2025 and November 29, 2025 to determine if the parties agreed to end the tenancy early.
- [33] On October 20, 2025 at 10:59 AM, the Tenants e-mailed the Landlords stating:

"Hi [Landlord]

[Tenant] and I found a house!! It happened much more quickly than either of us anticipated. We will be getting possession on November 20 and so will end our lease with you November 30. Our current lease has a one month's notice clause, I hope this works for you.

We have so enjoyed your home, and you've been just lovely to work with. Thanks for making our first Island home such a warm one.

Warmly,

[Tenant]"

¹ *Peace Property Management Company Ltd. V. Renato Pablo Sandoval Loubies*, 2024 PEIRAC 48, Para 15.

² *Peace Property Management Company Ltd. V. Renato Pablo Sandoval Loubies*, 2024 PEIRAC 48, Para 16.

[34] On October 20, 2025 at 11:19 AM, the Landlords responded to the Tenants' email, stating:

*"Wow!
Congratulations!
Good news for you but not for us. Lol
You have been good tenants. Thank you for the advance notice.
[Landlord]."*

[35] On October 20, 2025 at 11:53 AM, the Landlords sent another e-mail to the Tenants stating:

*"I would like to list the home for rent ASAP. The shorter term of the winter months may be more difficult for us to find renters.
Do you have any contacts at [deleted by the Rental Office for privacy] that may be interested in a short-term lease?
[Landlord]."*

[36] On October 20, 2025 at 11:59 AM, the Tenants responded to the Landlords' email, in summary, that *"they will ask around."*

[37] On November 24, 2025 at 5:42 PM, the Landlords e-mailed the Tenants stating:

*"Hi [Tenants]
Just wanted to let you know we got your notice from October 20, 2025, saying you plan to move out of [the Unit] on November 30, 2025.
Keep in mind, though, your lease is a fixed-term agreement ending on May 31, 2026. Moving out early on November 30 counts as breaking the lease. According to the Residential Tenancy Act, you're still responsible for rent until May 31, 2026, or until someone else rents the place—whichever comes first.
1. Mitigating Damages (RTA 46)
We've started trying to find someone new to rent the place right away, and we'll keep track of what we do, just in case we need to show it to the Residential Tenancy Office.
2. Security Deposit (RTA Section 40)
Your tenancy officially ends on November 30, 2025. Under the law, we have until December 15, 2025, to return your \$2800 security deposit or to make a claim against it. Since the place probably won't be rented in December because you're leaving early, we're planning to keep the full deposit and put it toward any rent still owed for December 2025. If you're okay with this, just reply to this email by November 28, 2025, saying you agree. If we don't hear from you, we'll have to file a Form 2B with the Residential Tenancy Office before December 15, 2025, to claim the unpaid rent, and we'll send you a copy.
3. Unpaid Rent
Keep in mind, keeping the deposit doesn't wipe out what you owe for rent after December (January to May 2026), if the place isn't rented out by then. Once we find a new tenant, we'll file an application to collect any remaining rent owed.
If you want, we're open to discussing options like subletting or assigning your lease, as per RTA Section 30, as long as the new tenant meets our usual screening standards.
Please make sure the unit is cleaned up and in good shape (beyond normal wear and tear) by November 30, 2025.
Looking forward to getting this sorted smoothly.
[Landlords]."*

- [38] On November 29, 2025 at 11:51 AM, the Tenants responded to the Landlords' November 24, 2025 e-mail stating:

Dear [Landlords]

I am disappointed and sadden to read this email.

I have consulted with a lawyer who has advised me that your request, coming as it does five weeks after you accepted my termination request is, in fact, a breach of an agreement we made.

On October 20, 2025, we told you we needed to leave at the end of November. You immediately agreed to end the tenancy early, thank us "for the advance notice." You then shared your plans to rent out the unit "ASAP," which you could only do if our tenancy ended November 30, 2025. You've repeatedly spoken with me since forming the agreement, and not once did you raise any concerns about us leaving at the end of November. Even in this email, you note: "[the] tenancy officially ends on November 30, 2025." One way of ending a lease early is through a written agreement, like the one we formed through these communications.

We will not change the existing agreement to end the tenancy on November 30. We've relied on this agreement in making colossal life changes, and are now in the house we purchased assuming the agreement was in place. [deleted by the Rental Office for privacy]. Our lawyer has advices us that if you do choose to withhold our deposit, we can pursue a legal claim against you: see RTA s 40(4).

All this said, we would vastly prefer to leave on good terms. We hope you'd prefer this as well. The home is now empty and clean. We've left the electricity in our name until the 30 of November, we will top off the oil as soon as possible, and have left the heat on – minimally – to mitigate pipe damage as winter arrives.

I have not seen any effort on your part to lease the house; no listing on Facebook Marketplace, no listing on Kijiji. These are the places I found you, and I have been surprised not to see any effort to re-rent there.

All said, your home was a soft landing for us transitioning to the island, and you have been a kind landlord, until this. I remain grateful for that, and hold onto hope that we can resolve this with that same kindness.

Thank you for your patience with my reply."

- [39] I find that on October 20, 2025, the Tenants asked for an early termination because they purchased a house and would be vacating the Unit on November 30, 2025. The same day the Landlords responded congratulating the Tenants and thanking them for the "advance notice." The Landlords sent the Tenants a follow-up e-mail informing the Tenants of their intentions to advertise the Unit immediately and asking if the Tenants had any potential candidates interested at their place of employment.
- [40] On November 24, 2025, the Landlords sent a comprehensive e-mail to the Tenants outlining their intentions to hold the Tenants responsible for the fixed-term and their intentions to keep the Tenants' security deposit for lost rental income due to the Tenants' breach of the tenancy agreement.
- [41] I find that the evidence presented establishes inconsistent messaging from the Landlords. In the October 20, 2025 e-mails the Landlords used language such as "advance notice" and openly disclosed their intentions of wanting to advertise the Unit "ASAP." I find that it would have been reasonable for the Tenants to believe based on the Landlords' communication that there was a mutual agreement to end the tenancy on November 30, 2025.
- [42] It was not until November 24, 2025, that the Landlords informed the Tenants that they did not agree to end the tenancy on November 30, 2025, and were holding the Tenants responsible until a replacement tenant was found.

- [43] However, I further find that even in the Landlords' November 24, 2025 e-mail, there is inconsistent messaging. In one part, the Landlords stated: "*breaking the lease*" and "*responsible for rent until May 31, 2026.*" In another part, the Landlords stated: "*your tenancy officially ends on November 30, 2025.*"
- [44] In this case, I find that the evidence presented establishes that the Landlords initially accepted the Tenants' request to end the tenancy early, effective November 30, 2025. However, once the Landlords realized that they may not be able to re-rent the Unit for December 2025, they attempted to withdraw from the October 20, 2025 agreement, and hold the Tenants responsible for any lost rental income under the fixed-term tenancy agreement.
- [45] For the reasons above, I accept the Tenants' evidence that the parties agreed to end the tenancy early, effective November 30, 2025, permitted under subsection 51(3) of the *Act*. Therefore, I find that the Tenants do not owe rent for the months of December 2025 and January 2026. The lost rental income claim is denied.

Refill oil tank

- [46] The Landlords are seeking compensation for refilling the oil tank, in the amount of \$498.00.
- [47] The Landlords stated that refilling the oil tank was the responsibility of the Tenants under the tenancy agreement. Included in the evidence was a copy of an invoice from Feasible Fuels dated April 27, 2026, in the amount of \$1,355.28.
- [48] The Landlords stated that the oil tank was filled at the beginning of the tenancy and when the Tenants vacated there was over half a tank remaining. The Landlords stated that they did an estimated calculation based on the price of oil and how much oil was in the tank when the Tenants vacated the Unit.
- [49] The Tenants did not dispute their responsibility under the tenancy agreement to refill the oil tank.
- [50] The Tenants stated that they do not agree with the amount claimed by the Landlords. The Tenants stated that \$350.00 would be fairer in these circumstances. The Tenants did not provide any further context as to why \$350.00 would be fairer than the Landlords' amount claimed.
- [51] I have reviewed the parties' submissions and evidence.
- [52] I find that the evidence presented establishes that refilling the oil tank was the responsibility of the Tenants under the tenancy agreement. Further, I find that the evidence presented establishes that the Landlords refilled the oil tank on April 27, 2026, in the total amount of \$1,355.28.
- [53] I accept the Landlords' claim, in the amount of \$498.00. This amount is apportioned based on the increased price of oil at the time of refill and the amount required to refill the oil tank, which the Tenants were responsible for, approximately 1/3rd of the oil tank based on the Landlords' direct testimony.
- [54] The Landlords' claim is allowed, in the amount of \$498.00.

CONCLUSION

- [55] The Application is allowed in part.
- [56] The Landlords' claims are established in part, in the total amount of \$498.00. The Landlords will keep part of the Tenants' security deposit to setoff their claim.

[57] The Landlords will return the remaining balance of the security deposit plus accrued interest, in the amount of \$2,354.09, in accordance with the timeline below, calculated as follows:

Item	Amount
Security deposit	\$2,800.00
Accrued interest (Aug 21/25 - May 6/26)	\$52.09
Total	\$2,852.09
Less Refilling oil tank claim	(\$498.00)
Net total	\$2,354.09

IT IS THEREFORE ORDERED THAT

1. The Landlords will keep \$498.00 from the Tenants' security deposit.
2. The Landlords will return the remaining balance of the security deposit plus accrued interest, in the amount of \$2,354.09 by June 5, 2026.

DATED at Charlottetown, Prince Edward Island, this 6th day of May, 2026.

(sgd.) Cody Burke

Cody Burke
Residential Tenancy Officer

NOTICE

Right to Appeal

This Order can be appealed to the Island Regulatory and Appeals Commission (the "Commission") by serving a Notice of Appeal with the Commission and every party to this Order within **20 days of this Order**. If a document is sent electronically after 5:00 p.m., it is considered received the next day that is not a holiday. If a document is sent by mail, it is considered served on the third day after mailing.

Filing with the Court

If no appeal has been made within the noted timelines, this Order can be filed with the Supreme Court of Prince Edward Island and enforced as if it were an order of the Court.